

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Regal Biltmore Hotel
506 So. Grand Avenue
Los Angeles, CA 90071-7371
September 26, 2001

PANEL MEMBERS

Marsha Kwalwasser
Acting Chairperson

David Brown
Member

Aram Hodess
Member

Robert Holstein
Member

Robert Lennox
Member

Patricia Murphy
Member

Tom Rankin
Member

Executive Staff

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

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I. LEGISLATIVE SUBCOMMITTEE

Tom Rankin, Chairperson, called the Legislative Subcommittee to order at 8:10 a.m. Members present: Marsha Kwalwasser and David Brown. Also present was Peter DeMauro, ETP's General Counsel.

II. IDENTIFYING NEW ETP LEGISLATIVE ADVOCATE

Mr. Rankin stated one of the purposes of the Legislative Subcommittee is to enlist the interest of a Legislator who would be an advocate for the ETP program.

Mr. DeMauro gave a brief history of the ETP program. Senators Bill Green and Patrick Johnston were instrumental in creating and the passing of the legislation that created the ETP program. Senators Green and Johnston's terms have ended. There is an absence of legislators with institutional knowledge about ETP who ETP staff can contact with any technical problems or other questions that may need to be addressed. Mr. DeMauro stated more legislators need to be educated about the ETP's training program.

Mr. Rankin reported he had a meeting with Assembly Member Koretz, Chair of the Labor and Employment Committee in the Assembly. The Labor and Employment Committee is the committee that legislation effecting ETP would go through. Mr. Rankin recommended that the Panel contact legislators from both Assembly and Senate who serve on the Labor and Employment/Industrial Relations committees and also the Budget Committees.

Ms. Kwalwasser questioned whether it would be more effective to have a single contact person to meet with Legislators, or to have a select committee that would strategize and make appropriate contacts. Mr. Rankin stated the members of this Legislative Committee could make these contacts.

Mr. Brown reported he had met with Senator Runner and with Assembly Member John Campbell; he believes Senator Runner and Assembly Member Campbell would be strong advocates for ETP.

Ms. Kwalwasser stated there needs to be a geographical diversity, in that the northern as well as the southern parts of the State need to have Legislators familiar with the ETP program.

Ms. Kwalwasser reminded Committee members to be aware of the term limits on legislators being contacted.

Mr. Rankin suggested staff would set up appointments for the Panel members to meet with legislators.

Mr. DeMauro suggested sending information to legislators listing those projects that have been approved in each of their districts. Mr. DeMauro stated that staff is revising a letter that has been previously sent to the legislators informing them of training projects in their district that had been approved by the Panel. He stated the draft letter would be submitted to the members of the Legislative Subcommittee for approval.

Ms. Carrillo stated that staff receives and analyzes all legislation with key words such as employment, training, workforce, labor, etc. ETP has previously partnered with EDD's legislative liaisons in analyzing bills. Ms. Carrillo stated ETP now has the expertise in-house to work directly with the legislature in getting our analysis to them. Ms. Carrillo stated ETP has an excellent relationship with the Department of Finance, who now recognize ETP as a separate entity from EDD.

Mr. DeMauro suggested ETP staff analyze all Bills and distribute to the Legislative Subcommittee with a recommended position and request input from the Subcommittee for presentation to the Panel.

Mr. Rankin suggested having Andy Baron of the Workforce Investment Board attend a Panel meeting and educate the members on the Workforce Investment Board. Mr. DeMauro stated that he and Ms. Carrillo do have a meeting scheduled to meet with Andy Baron. Ms. Kwalwasser stated she is a member of that Board and will be attending a retreat. She said she would give a report to the Panel on that retreat.

Mr. DeMauro suggested developing an informational/strategy packet to discuss at the next Legislative Subcommittee meeting.

Mr. Rankin announced the Legislative Subcommittee would meet one hour before the next Panel meeting.

There being no further business, the Legislative Subcommittee meeting was adjourned at 8:40 a.m.

III. PANEL MEETING CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 9:45 a.m.

IV. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chair

David Brown

Aram Hodess

Robert Holstein

Robert Lennox (arrived at 9:50 a.m.)

Pat Murphy

Tom Rankin (arrived at 11:50 a.m.)

Executive Staff Present

Ada Carrillo, Acting Assistant Director

Peter DeMauro, General Counsel

V. APPROVAL OF AGENDA

Ms. Kwalwasser stated the Frito Lay project was inadvertently placed in the Multiple Employer Contractor section and it is to be moved up on the agenda into the Single Employer Contractor section.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the Agenda.

Motion carried, 5 – 0 (Mr. Lennox and Mr. Rankin absent).

VI. APPROVAL OF MINUTES

Mr. Hodess stated the motion made under the report of the Executive Director/General Counsel regarding the Panel make a motion at each meeting if a lack of a quorum exists to delegate to the Executive Director the authority to approve proposals should read "...the Panel *consider making* a motion at each meeting ..."

Ms. Kwalwasser stated according to the minutes, the Panel was to convene a meeting to study the small business approach. She stated this was an ETP internal study group convened by Executive Staff.

ACTION: Mr. Holstein moved and Ms. Murphy seconded the Panel approve the minutes of August 23, 2001, as corrected.

Motion carried, 5 – 0 (Mr. Lennox and Mr. Rankin absent).

VII. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

Ms. Kwalwasser announced there would be no presentation from the trucking industry at this month's Panel meeting. Mr. DeMauro reported that staff has made several attempts to contact the California Trucking Association to arrange for a representative to come before the Panel to discuss the issues of employer support and contributions to training for the trucking industry. The Panel voted to place a moratorium on the funding of truck driving school projects until this discussion occurs.

Ms. Kwalwasser thanked the Panel and staff for their efforts in producing ETP's Strategic Plan. She stated her appreciation of the proposed implementation time line.

VIII. REPORT OF THE EXECUTIVE DIRECTOR/GENERAL COUNSEL

Mr. DeMauro thanked the Panel and staff for their continued efforts and dedicated service during these past weeks that were filled with much anxiety due to the horrific disaster of September 11.

Mr. DeMauro announced that he and staff will be meeting with the San Diego BioCom Executive Board and selective group of BioCom industry CEOs. The BioCom industry is interested in the ETP program and is requesting information to determine if the industry fits into the program. Mr. DeMauro stated he would report back to the Panel at the next Panel meeting.

Mr. DeMauro stated that an independent study will be on the fixed fee structure and effecting SOST. The study will include costs relative to structured-on-site training (SOST), effective delivery of SOST, appropriate reimbursement rates, and ETP record keeping requirements.

Mr. DeMauro announced that Bill Rash, ETP Chief of Program Management, is the lead for the ETP Small Business Work Group, which will be directing its efforts to examining issues relative to businesses with 100 or less workers contracting directly with the Panel.

ACTION: Mr. Holstein moved and Mr. Lennox seconded the Panel approve, if a lack of a quorum exists at today's Panel meeting, a delegation to the Executive Director to authorize to approval of any project in consultation with the Chair and/or the Vice Chair.

Motion carried, 6 – 0 (Mr. Rankin absent).

Ms. Kwalwasser commended the staff on the matrix outlining the proposed Implementation Plan and requested staff prepare a calendar for the year that includes time-line goals.

IX. AGREEMENTS AND AMENDMENTS

City of Sunnyvale/NOVA and San Mateo County Workforce Investment Boards

Creighton Chan, manager for ETP's San Mateo field office, presented a Proposed Agreement for City of Sunnyvale in the amount of \$581,620. This is the first proposal for an Information Technology (IT) project serving underemployed workers at small businesses employing fewer than 100 employees. This program will be implemented by NOVA, a government-funded employment and training agency administered by the City of Sunnyvale. NOVA is part of a seven-city consortium under the direction of the NOVA Workforce Investment Act Board. Partnering with NOVA's Workforce Board will be the San Mateo County Workforce Board. The NOVA Workforce Investment Board proposes to provide training for 400 incumbent California workers of small businesses employing 100 or fewer employees with entry-level to advanced IT skills. Participating employers for trainees in Job Numbers 1 through 4 must be companies that meet the Panel's out-of-state competition eligibility requirements. Employers of trainees enrolled in Jobs 5 through 8 (SET Frontline Workers) must be ETP-eligible private sector employers. Funding for all class/lab training hours in this proposal is calculated at \$20 per hour for the training of employees at small businesses with less than 100 full-time employees. The Contractor is requesting that Panel allow training to occur at vendor site. This model pilot project will serve as a demonstration project to determine if training employees of small employers at the vendor site will increase small business participation and access to ETP retraining funds, and provide greater opportunities for classroom/laboratory IT training to a large number of small employers.

Mr. Chan introduced Rob Gamble, Workforce Development Manager. Mr. Hodess asked for clarification regarding the arrangement between NOVA and the community colleges in providing training. Mr. Gamble stated the NOVA would be developing specific programs for the colleges that would be offered through their contractor business education departments and not through the regularly matriculated courses. Mr. Gamble stated one of the goals of the NOVA is to develop a system with the community colleges where they aggregate and allow small businesses to develop customized training at rates that are reasonable.

Staff recommended the Panel approve this proposal and allow training to occur at the training vendor's site and direct staff to prepare a Final Agreement contingent upon submission and approval of a Primary Contractor Certificate Statement including the methodology for determining each employer's in-kind contribution amount, a Nova Board Resolution, an ETP 100B listing of a core group of participating employers meeting the Panel's small business definition, a listing of subcontractors or training

vendors for the initial phase of the program, and all documents required to draft a Final Agreement that meets Panel legislation, regulations, policies, and practices.

ACTION: Mr. Holstein moved and Mr. Brown seconded the Panel approve the Proposed Agreement as proposed. The Final Agreement will be brought back to the Panel on a Consent Calendar.

Motion carried, 6 – 0 (Mr. Rankin absent).

Century Housing Corporation/Los Angeles World Airports

Ron Tagami, manager of ETP's North Hollywood field office, presented a Proposed Agreement for Century Housing Corporation in conjunction with Los Angeles World Airports (LAWA) in the amount of \$817,120. Century Housing Corporation is a non-profit public benefit corporation that provides affordable housing and equal opportunity programs. This proposal will train 160 unemployed individuals in a high unemployment area in pre-apprenticeship training, and will prepare these individuals to work in an apprenticeship program in the construction trades. This proposal is supported by LAWA which owns, operates, and maintains Los Angeles International Airport, Ontario International Airport, Palmdale Regional Airport, and Van Nuys Airport. Century Housing and LAWA will partner to develop and implement a pre-apprentice training and placement program for unionized construction jobs. The training in this proposal is supported by Roofers Union, Local 36; Heat & Frost Insulators & Asbestos Workers, Local 5; Field Ironworkers, Local 416; and Southern California Pile Drivers. ETP policy for funding first-time multiple employer contractors is limited to \$200,00, with additional training phases to be based on successful contract performance. Staff will encumber only \$200,000 until successful performance is achieved. Staff recommended the Panel approve the Proposed Agreement and direct staff to prepare a Final Agreement contingent upon submission, review, and approval from the Bureau of Private Postsecondary and Vocational Education; a Certification and Board Resolution; additional union letters of support, if needed; and a final curriculum.

Mr. Tagami introduced Robert Norris, Jr., Executive Vice President of Century Housing; Ann Marie Hickambottom, Director, Fund Development, Century Housing; and Barbara Johnson, Attorney at Law, Los Angeles World Airports.

ACTION: Mr. Brown moved and Mr. Hodess seconded the Panel approve the Proposed Agreement as proposed. The Final Agreement will be brought back to the Panel on a Consent Calendar.

Motion carried, 5 – 0 (Mr. Rankin absent and Mr. Hodess absent during vote).

California Bankers Association

Mr. Chan presented a Final Agreement for California Bankers Association in the amount of \$494,284 which was approved by the Panel on August 23, 2001, as a Proposed Agreement. Pursuant to discussion at the August Panel meeting, language has been added to the Agreement stipulating that the Contractor will submit to ETP at six-month intervals, and with the fiscal closeout documents, written reports that will describe the benefits of training with respect to Career Ladders section of the contract. The Panel waived the ETP minimum wage requirement for Career Ladders trainees to allow wages for some Career Ladders trainees to earn \$8.38 per hour rather than the ETP minimum hourly wage of \$10.58.

ACTION: Mr. Holstein moved and Mr. Lennox seconded the Panel approve the Final Agreement.

Motion carried, 6 – 0 (Mr. Rankin was absent).

E*Trade Group, Incorporated

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement for E*TRADE Group, Inc. in the amount of \$354,442 to retrain 327 employees in Continuous Improvement and Business Skills. The Company has invested in numerous systems, such as a customer management system, which includes an online policies and procedures manual for an estimated cost of \$17 million over the past two years. Following ETP training, E*TRADE will continue training new and existing staff in customer management system and skills to maintain a high performance workplace. The Company estimated training and training-related costs not covered by ETP funds to be \$5,000. The Contractor estimated that trainee wages to be paid during ETP-training would be \$486,511. E*TRADE requests a waiver to the ETP 20 percent turnover rate requirement. E*TRADE's turnover rate for the calendar year was 24 percent. E*TRADE officials stated that this type of industry is new and no specific data exists to support the turnover rate for this hybrid industry. Staff has added contract language to the Agreement that the Contractor will earn the final 25 percent progress payment for each trainee only if the Contractor achieves an average turnover rate of 20 percent or less for the last year of the Agreement. Industry data supports an average turnover rate of 26 – 31 percent. The ETP program will allow for training and cross-training of employees so that they may perform many functions thus reducing the possibility of staff becoming displaced and providing opportunities for career advancements.

Mr. Rufo introduced Tatia Ammerman, Global Vice President – Loyalty, Leverage & Talent; and Robert Wooley, Training and Operational Development Specialist.

Mr. Hodess requested Ms. Ammerman to address the turnover. Ms. Ammerman stated E*TRADE is very unique in that it pays associates to get their broker's license. Once the employee gets his broker's licenses, he usually leaves E*TRADE for a company that offers commissions. Ms. Murphy stated it appears that ETP could be penalizing a

company with a lower turnover rate when the industry has demonstrated a high turnover. Mr. DeMauro requested a clarification on the turn over rate. Mr. Rufo stated E*TRADE's average turnover rate was 24 percent.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed with a waiver to the 20 percent turn over rate requirement to 24 percent.

Motion carried, 6 – 0 (Mr. Rankin absent).

First Union, Incorporated

Mr. Rufo presented a One-Step Agreement for First Union Corporation in the amount of \$1,200,860 to retrain 1,374 employees in Management, Business, Commercial, Computer Skills, and Continuous Improvement. First Union provides complete banking services, plus complete asset management/investment services, and innovative products. Based on internal surveys, First Union Executives determined that training is needed to improve its turnover retention rate and lack of qualified workers. It is the Company's intent to train existing employees for advancement opportunities. The anticipated benefits from the ETP –funded training are higher employee retention, greater individual productivity that will result in employee job security, career path counseling, and training to increase employee wage rates. The Contractor estimates an in-kind contribution of \$1,768,116 for trainee wages to be paid during ETP training. Due to a 29 – 33 percent average turnover rate in the mortgage banking industry, and a reduction of 30 employees in 2000 caused by the closure of The Money Store, a wholly owned subsidiary of First Union, First Union requests a waiver to the 20 percent turnover rate requirement.

Mr. Rufo introduced Russell Pleasants, Senior Vice President, and Chad Arnold, Assistant Vice President /Human Resource Partner. Mr. Arnold stated First Union's high turnover rate is due to a large population of employees being in collections, which is a high stress occupation.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0 (Mr. Rankin absent).

Liberate Technologies

Mr. Chan presented a One-Step Agreement for Liberate Technologies in the amount of \$134,400 to retrain 168 engineers and software architects in Advanced Computer Programming Skills. Liberate designs and produces software and interactive products to receive television signals and translate those signals to fit each consumer's specifications. The market in which Liberate software products are sold is young and highly competitive. Liberate is at a critical state of product design and

needs a formal, centralized approach to training in order to remain competitive. The Company estimates that their engineers and designers are working in technology that is approximately 2½ years old. The industry has changed rapidly which has entailed revamping the training program so that the employees acquire a uniform set of cutting-edge skills. The Company is requesting training at the Advanced Technology rate of \$20 per hour due to the highly specialized and advanced nature of the Company's training needs. Employer contributions for Liberate will be approximately \$350,000 in trainee wages and benefits, and approximately \$250,000 for training equipment.

Mr. Chan introduced Christopher Underwood, Director of Technical Documentation/Educational Services, and Andy Kapur, CPA, Corporate Tax Manager.

ACTION: Mr. Hodess moved Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 6 – 0 (Mr. Rankin absent).

Pacific Bell Telephone Company

Mr. Chan presented a One-Step Agreement for Pacific Bell Telephone Company in the amount of \$8,226,480. Pacific Bell Telephone Company provides telecommunications services throughout California, including phone services for consumers and business, high-speed data services, Internet connections, and a variety of specialized systems such as video conferencing and custom calling. ETP funding will assist Pacific Bell to retrain 10,990 incumbent workers in computer and business skills needed to process and operate new and enhanced technology. Representatives of the Communications Workers of America, District 9, support this training program. Pacific Bell will provide an in-kind contribution of \$19 million to defray wages paid to employees while they attend ETP-funded training.

Mr. Chan introduced Steven Tuoto, Area Manager, and Gary Oliver, Vice President – Human Resources of Pacific Bell; James B. Gordon, Area Director from the Communications Workers of America; Steve Duscha of Steve Duscha Advisories. Mr. Oliver stated this ETP contract proposal identifies four basic call centers: residential call centers that handle residential requests for new service or sales; business call centers that handle medium and small business customers within the State of California for service and sales; credit and collection service center; network monitoring centers that monitor the network in California. Mr. Oliver stated the majority of the training is targeted to workers covered by a collective bargaining agreement. The employees will earn more compensation as their skills increase. The training proposed in this Agreement will be the foundation for future advancement. Mr. Hodess questioned how the training was going to be phased over the two-year period. Mr. Oliver stated the training will begin immediately, if approved, with the “ease conversion” of the service representatives for both residence and business. The training for the network call centers followed by the management training would be

phased in center by center over a two-year period. Ms. Kwalwasser questioned if it would be possible for the Company to bifurcate or trifurcate the training, separating the training into phases and not requesting such a large amount of funding up front. Mr. Oliver stated the Company planned to step up training during this "downturn" period in the economy. Mr. Oliver stated the way the training is planned in a phase implementation schedule, it would be possible to have partial funding up front and once that phase is completed, to fund the balance of the training. Mr. Duscha stated that the Panel currently encumbers only one third of a projects funding up front. He stated some phases of the training overlap into other phases. He stated the training plan was not one that could be bifurcated. Mr. Hodess stated he would prefer to fund the portion of the training scheduled for the first year and upon successful completion come back the second year for funding the remaining portion. Mr. Oliver requested postponing further discussion until later on in today's meeting to allow Pacific Bell to meet and resolve issues. (See page 15.)

Ms. Murphy raised the question regarding Panel policy regarding substantial contribution on repeated company proposals and the company participation with in-kind contributions. She requested having a future discussion, with staff input, revisiting the financial contribution by a single employer on a second contract.

Mr. Brown recused himself from discussion and action on the Pacific Bell Telephone Company proposal. Mr. Rankin returned to the Panel meeting.

Alliance Pharmaceutical Corporation

Ms. Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for Alliance Pharmaceutical Corp. in the amount of \$155,610 with an in-kind employer contribution of \$400,000. Alliance is a biotech company that researches, develops, and manufactures therapeutic and diagnostic products. Upon anticipated approval from the U.S. Food and Drug Administration on a new product Alliance Pharmaceutical recently developed, the focus of the Company will dramatically shift from research and development to manufacturing and marketing. This diversification of Alliance's products and services requires employees to have more sophisticated levels of understanding and compliance with Good Manufacturing Practices and Good Clinical Practices. With the new company focus on worldwide marketing, comes new responsibilities for some engineers, scientists, managers, and directors. This project proposes to retrain 125 employees in Business Skills, Continuous Improvement, and Computer Skills.

Ms. Torres introduced Tim Hart, Vice President and Chief Financial Officer, Carol McWilson, Human Resources Director, Joe Whitaker, Manager of Organizational Development.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

Unisys Corporation, Computer Services Group

Ms. Torres presented a One-Step Agreement for Unisys Corporation, Supply Chain Operations, in the amount of \$173,500. The Unisys Corporation's Supply Chain Operations manufactures high performance servers for the information systems industry. Unisys is in the process of changing its entire manufacturing process from a traditional assembly-line process to a lean manufacturing production model. This project proposes to retrain 215 employees in Continuous Improvement in order for Unisys to continue its evolution toward a High Performance Workplace. Unisys estimates that the cost of employees' wages while in training is approximately \$208,000 and approximately \$224,500 in training related expenses not covered by ETP funds.

Ms. Torres introduced Bruce Heinemann, Director of Operations for Rancho Bernardo Systems Manufacturing, Leslie Martichuski, Systems & Technology Analyst; and Katherine Amoukhteh, Executive Director of Workforce America.

ACTION: Mr. Lennox moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0 (Ms. Kwalwasser absent during vote).

Vertis, Incorporated

Mr. Torres presented a One-Step Agreement for Vertis, Inc. in the amount of \$1,626,696. Vertis, Inc. provides advertising and printing solutions for local, national and international retailers and manufacturers. Labor-intensive processes such as manual layout, design, and paste-up have begun to shift to a digital format that utilizes specialized computer software. In order for Vertis to convert its plants to digitization, the Company proposes to retrain 1,133 employees in Manufacturing Skills, Business Skills, Continuous Improvement, and Literacy Skills. The Contractor states that the cost of lost production time during ETP training and the facility cost for training on-site will total approximately \$500,000, and the projected cost of wages to be paid to employees during training totals \$1,570,562.

Staff recommended approval of the One-Step Agreement contingent upon the review by staff of the third-party subagreement between Vertis and VeriLogix.

Mike Johnson, Director of Human Resources for the Retail Newspaper Services Group of Vertis, introduced himself.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve the One-Step Agreement contingent upon the compliance with California Code of Regulations and approval by staff of the subagreement between Vertis and VeriLogix.

Motion carried, 7 – 0.

Panel requested the staff to report the status of the Vertis proposal to the Panel at next month's Panel meeting.

Cardservice International, Incorporated

Ron Tagami presented a One-Step Agreement for Cardservice International, Inc. in the amount of \$1,031,590 to retrain 760 employees in Business Skills, Computer Skills, Management Skills, and Continuous Improvement. Cardservice is a provider of noncash transaction processing. It provides a secure transport of financial transactions for businesses by leasing or selling proprietary hardware point-of-sale terminals, printers and PIN pads. Cardservice also develops software for both traditional and Internet transaction processing. Cardservice assists merchants who provide products and services to businesses and consumers around the world by allowing them to safely and securely accept credit cards. The marketplace and technology has been changing rapidly. This proposed training will enable workers to analyze and deal effectively with external and internal issues that can cause the need for change in business work processes. Workers will begin to understand the team process and the roles of each worker. Cardservice is requesting a waiver to ETP's 20 percent turnover rate. The turnover rate of 36 percent for Cardservice during the last calendar year was, in part, the result of a one-time occurrence attributed to the relocation of the Company. Cardservice believes that with the proposed training and numerous incentives now provided to employees, the turnover rate will significantly decrease.

Mr. Tagami introduced Timothy Miller, Chief Operating Officer, and Robert Evans, Manager of Operations Training and Quality Assurance. Mr. Miller reported the turnover rate has decreased to 21.5 percent.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

Exxon Mobile Corporation

Mr. Tagami presented a One-Step Agreement for Exxon Mobil Corporation in the amount of \$786,240 to retrain 775 employees in Continuous Improvement, Hazardous Materials, Manufacturing Skills, Management Skills, Computer Skills, Business Skills, and Safe Work Practices. This is the third project between Exxon

Mobil Corporation and ETP therefore a substantial contribution of \$336,960 has been applied. The International Brotherhood of Electrical Workers (IBEW), Local 2295, and Paper, Allied-Industrial Chemical & Energy (PACE) Workers International Union support this training.

Mr. Tagami introduced Charles Maguire, Refinery Manager; Mark Goebel, Human Resources Training Supervisor; and Terrie Bowie, Human Resources Manager. Also introduced were David Clay, Business Manager, IBEW; Kenneth Richardson, Workmen's Committee, PACE; and David Marcotte, IBEW member.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

Flowserve Corporation

Mr. Tagami presented a One-Step Agreement for Flowserve Corporation in the amount of \$325,872 to retrain 270 employees in Continuous Improvement, Management Skills, Computer Skills, and Manufacturing Skills. Flowserve produces heavy-duty engineered pumps, precision mechanical seals, automated and manual quarter turn valves, control valves and actuators, and also provides a range of related flow management services, primarily for the petroleum and power markets. The proposed training would provide the workforce with skills to meet the company goals of focusing on new product development, improving customer satisfaction, product quality, on-time delivery, reducing inventory, and increasing profits. The United Steel Workers of America, Local 4997, support this training.

Mr. Tagami introduced Edward Ybarra, Manufacturing Manager for Flowserve Corporation, and Richard Macias, President of Local 4997, United Steel Workers.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement.

Motion carried, 7 – 0.

Recot, Incorporated, d.b.a. Frito-Lay

Mr. Tagami presented a One-Step Agreement for Recot Inc., d.b.a. Frito-Lay, Inc. in the amount of \$415,272 to retrain 423 employees in Continuous Improvement, which includes Business Skills, Problem Solving Skills, and Team Basics. This project was brought to the Panel's attention through the marketing efforts of the California Manufacturers Technology Association. The Company seeks ETP funding to provide a training program to improve operating systems and performance.

Mr. Tagami introduced Tony Mattei, Manufacturing Manager, and Cynthia Franklin, Continuous Improvement Site Leader.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 7 – 0.

Pacific Bell Telephone Company Continued

Mr. Oliver stated 80 percent of the 11,000 trainees will begin training within the next six months, another 40 percent would be completed within the following six months, and throughout the remainder of the second year the final portions of the training would be completed. He stated there is no “clean way” to bifurcate the training program. Based on Pacific Bell’s objectives in making sure that the best opportunity is provided to keeping jobs in California, the Company requests the training program be implemented as originally proposed.

ACTION: Ms. Murphy moved and Mr. Holstein seconded the Panel approve the One-Step Agreement as originally proposed.

Motion carried, 6 – 1 (Mr. Brown had recused himself from discussion and action).

Area Truck Driving School

Mr. Rufo presented a One-Step Agreement for Area Truck Driving School in the amount of \$383,000 to train 100 new hires in Truck Driver Training. This would be the second ETP contract for the training institute. By November 2001, 95 percent of the trainees enrolled in the previous contract will have completed the retention period. The cost to train new-hire trainees totals \$3,830, which exceeds the ETP average cost per trainee of \$2,840. Based on Area Truck Driving School’s placement records for its previous ETP project, wages for truck drivers have demonstrated a significant wage progression within one year after completion of training and placement. Area Truck Driving School estimates that it will spend approximately \$204 per student for Department of Transportation (DOT) physical exams, drug-screening tests, Department of Motor Vehicles licensing test, books, supplies, and job placement assistance. The DOT requires employers of truck drivers to conduct periodic training sessions with all drivers. Area Truck Driving School officials estimate that the total cost of this additional training will be approximately \$200,000. Teamsters Local 287 supports this proposal.

Mr. Rufo introduced Tony Martin, Director of Operations. Mr. Hodess stated that ETP had extended an invitation to the California Trucking Association (CTA) to be present at the Panel meeting to make a presentation in regards to industry training commitments. Despite contacts with CTA, no speaker has yet been made available. Mr. Hodess stated that the Panel had decided at a prior meeting that ETP would not fund any

trucking industry training proposals until hearing from the CTA or another trucking industry group. Mr. Rankin suggested tabling this proposal. Mr. DeMauro explained the reason the Panel needs to hear from the CTA is the issue on the extent of employer contributions. He stated ETP would continue to contact CTA requesting a representative be present at a Panel meeting. Ms. Kwalwasser suggested and volunteered to contact a representative of CTA.

ACTION: Mr. Hodess moved and Mr. Holstein seconded the Panel table the Area Truck Driving School proposal.

Motion carried, 7 – 0.

CCT Computer Learning Center

Mr. Rufo presented an Amendment requesting to add phase 3 to the CCT Computer Learning Center Agreement that was approved in August 2000 in the amount of \$36,000. They recently had a second amendment approved by the Panel in April 2001 to add phase 2.

CCT Computer Learning Center provides customized on-site computer software training. Participating employers are located in Weaverville, which is in Trinity County a rural community with limited resources, classified as a high unemployment area with an unemployment rate of 9.8 percent.

This project provides retraining in customized computer skills to 77 trainees. This amendment plans to add 31 retrainees who will receive 40, 60, or 80 class/lab hours. All the participating employers planned for this Amendment are small businesses with 100 or fewer employees. Trainees will receive computer skills training customized for each small business employer. All training will be conducted at the employer's worksite during regular work hours. The participating employers certify that the proposed training supplements rather than displaces any existing training they are providing. Each of these small business employers lacks the resources and ability to conduct the needed training in computer technology.

As an in-kind contribution for this phase 3, participating employers will incur total in-kind costs of \$39,600 for employee wages paid during training and for replacement workers while the employees are in training.

Mr. Rufo introduced Mr. David Clark, CEO, CCT Computer Learning Center. Mr. Clark stated that they have received more requests for training than they could deliver under the current contract.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel approve this amendment as proposed.

Motion carried, 7 – 0.

Sutter County Superintendent of Schools

Mr. Rufo presented a One-Step Agreement for Sutter County Superintendent of Schools for retraining of 130 new hires in 80 hours of warehouse training for a program cost of \$165,880.

The Sutter County Superintendent of Schools has been operating its Career Training and Education Center since 1984. This One-Stop Center has achieved success in providing both training and career guidance to thousands of individuals. Recently SYSCO Food Services of Sacramento, one of the participating employers, opened a large state of the art distribution facility in Sutter County and indicated a demand for trained warehouse workers. SYSCO Sacramento also had a completely separate ETP project approved by the Panel in July 2001. In addition, the Radio Shack distribution center located in Yolo County has indicated a demand for workers. To address the demand for trained warehouse workers by these employers, Sutter County, in collaboration with the Sutter County Employment Services and Yuba College, has been working to develop a customized training program. Sutter County Employment Services has leased a 17,000 square foot warehouse, which has been converted to a simulated distribution center. Yuba College will provide racks, forklifts, and pallet jacks. SYSCO will provide the warehouse design, stock, and computer equipment. The training facility and training curriculum have been designed to simulate an actual distribution center work environment.

It is estimated that between one third and two thirds of the proposed 130 trainees participating in this project will work in a high unemployment area exceeding the state average by at least 50 percent. Trainees will work in Sutter and Yuba Counties, which have rates of 9.8 and 10.7 percent respectively. This is provided as informational since the applicant is not requesting a waiver of ETP's minimum wage. The required hourly wage of \$10 per hour exceeds the ETP new hire minimum wage of \$8.66 per hour for Sutter and Yuba Counties.

The contractor anticipates an in-kind contribution of \$173,000. SYSCO Foods has provided approximately \$50,000 to include technical assistance, hand held inventory computers, and stock. The Sutter County Employment Services has leased a 17,000 square foot warehouse for an approximate in-kind contribution amount of \$48,000. Yuba College will contribute equipment such as forklifts, motorized pallet jacks, warehouse racking, and battery charges for an approximate amount of \$75,000.

Mr. Rufo introduced Mr. Ramon Flores, Employment Training Specialist. Mr. Flores stated customer surveys have been conducted as part of the Workforce Investment Act (WIA) program with the One-Stop Center, with employers, and also with the individuals that they serve, and he will make the results available to the Panel. Mr. Rankin questioned the relationship between this project and the SYSCO contracts previously approved. Mr. Rufo stated that the SYSCO Food Services of Sacramento did include approximately 70-80 warehouse workers in a portion of their training program. SYSCO

Food Services is still not fully staffed, it is still growing and that is where this new hire project will fit in.

ACTION: The question was called.

Motion carried, 7 – 0.

Rands Systems, Incorporated

Ms. Torres presented a Proposed Amendment for Rands Systems, Inc., increasing the Agreement amount by \$529,402, and bringing the total program cost for this Agreement to \$1,846,717. As a training agency, Rands provides manufacturing technology training to participating employers primarily located in the Inland Empire, Northern San Diego County and pockets of Orange County. Rands received Panel approval in June 2001 to train 265 trainees. Under this Amendment, the contractor is proposing to train 100 Career Ladders retrainees and an additional 82 advanced technology retrainees. The June 2001 proposal had included training for 182 Career Ladders retrainees; however, the Panel had expressed a concern over the \$7.82 per hour retention wage. As a result the Career Ladders component was removed. Due to the concerns raised by the Panel, both Rands Systems and ETP staff worked together to revise the Career Ladders proposal. The proposal before the Panel reflects a training plan that will only include participating employers who can meet at least a retention wage of \$9.50 per hour. Consequently, there are 82 fewer Career Ladders retrainees included in the revised training plan. Given the reduced number of Career Ladders retrainees expected to retain in a 21-month training period and the high demand for the advanced technology training, the contractor also proposes to add 82 advanced technology retrainees to this existing training plan. Both the initial and the current Career Ladders proposal have received written endorsement by the Employment Development Department as meeting the intent of the Career Ladders concept. At the beginning of training each trainee is classified as a Machine Tender/Off-Bearer and by the end of training and during the retention period each will move to a Machine Operator I in which they will also receive a wage increase. Upward movement can subsequently move up this Career Ladders advancement to a Machine Operator II with a further increase in wages.

Given the unique needs of these trainees, the curriculum and training methods need to be highly customized with only 10-15 students and as many as three instructors in each class. Therefore, the cost associated is higher than the \$13 provided in the ETP fixed fee rate. The contractor has provided a budget to substantiate at least \$20 an hour in reasonable and approved costs. Therefore, staff has approved the reimbursement of \$20 an hour for the Career Ladders group.

Pursuant to these discussions with EDD and discussions at the last Panel meeting language has been added to the agreement verifying that the contractor will submit written reports that will describe the benefits of training with respect to Career Ladders to ETP at six-month intervals with the fiscal closeout documents.

Although the participating manufacturer employers are comprised of companies with fewer than 100 employees and are not represented by a collective bargaining agreement, Rands has received a letter of endorsement from the Western Regional Joint Board (UNITE) (Union of Needle Trades and Industrial and Textile Employees, AFL-CIO). The Panel has also received letters of endorsement from California Assembly Member John Longville and California Senator Nell Soto.

Ms. Torres introduced Dennis Jones and Robert Rapkin, President. Mr. Rapkin addressed issues brought up previously by the Panel. He stated Rands has increased the wages at enrollment from \$7.50 to \$8.50 per hour and increased the wage at retention from \$8.50 to \$9.50 per hour. He stated that doing so eliminated approximately 50 percent of the companies that wanted to participate in this program. Many of the companies could not meet that wage requirement of \$9.50 per hour at the end of training, although they could meet it over a period of time.

Mr. Rapkin presented a few former trainees who spoke on the benefits received from attending the Rands training programs.

ACTION: Ms. Murphy moved and Mr. Holstein seconded the Panel approve this Amendment as proposed.

Motion carried, 7 – 0.

Professional Career Institute

Mr. Tagami presented a One Step Agreement for Professional Career Institute for a program cost of \$153,210. This is the second Agreement for this vocational training agency and it replicates their first Agreement. The contractor states that statistics from the U. S. Department of Labor and EDD show a continuing demand for trained computer technicians. This project proposes to train 30 new hires in a 320-hour curriculum. Following the retention period, trainees will earn no less than \$11 per hour.

Mr. Tagami introduced Mr. Ray Khan, President, and Shirley McCain, Admission Representative. Ms. McCain stated that the Professional Career Institute is a technical and vocational training agency. The training being proposed is very specific training in Information Technology, which includes setting up, maintaining, and trouble shooting personal computers, servers and network equipment.

ACTION: Ms. Murphy moved and Mr. Holstein seconded the Panel approve the One Step Agreement as proposed.

Motion carried, 6 – 0 (Mr. Rankin absent during vote).

Video Symphony EnterTraining , Incorporated

Mr. Tagami presented a One Step Agreement for Video Symphony EnterTraining, Inc. for a total program cost of \$672,695 to train 500 retrainees in Computer Skills. This is the third ETP agreement for this contractor. The Contractor states that employer demand for this training continues to be significant due to the digital transformation in the market and frequent software and hardware changes utilized in postproduction. As in the previous two contracts, the contractor is using a menu curriculum from which employers can select training modules to meet their needs. Training can vary from between 40 hours up to 120 hours of training.

In the previous two ETP agreements the contractor was allowed to use a catalog rate of \$37.50 per hour to cost the agreement. Catalog rates are no longer acceptable and the only option is to use the fixed fee rate or submit a line item budget. In order to submit a budget, one of the requirements is for the contractor to provide evidence that the participating employers cannot contribute sufficiently to cover the cost of training. The Contractor is requesting to use the fixed fee rate of \$20 per hour for the Advanced Technology Skills Training and will comply with a trainer to trainee ratio of 1:10 or less. In addition to an in-kind contribution of wages paid by the employer, the Contractor has stated that employers will be required to contribute from \$800 to \$2,400 per trainee to cover the cost of training not covered by ETP.

International Brotherhood of Electrical Workers Local 45, National Association of Broadcast Employees & Technicians –Communication Workers of America Local 53, and Motion Picture Editors Guild, I.A.T.S.E Local 700 support this training.

Mr. Tagami introduced Mike Flanagan, President. Mr. Flanagan stated Video Symphony requests an \$800 contribution “across the board” from each participating employer.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 7 – 0.

West San Gabriel Valley Consortium d.b.a. Career Partners

Mr. Tagami presented a One-Step Agreement for West San Gabriel Valley Consortium d.b.a. Career Partners for a program cost of \$196,480 to train 210 retrainees in Continuous Improvement, Manufacturing Skills, Business Skills, Management Skills, Computer Skills, and Literacy Skills. This Contractor is a one-stop center that provides services to employers and job seekers under the Workforce Investment Act. This Agreement is designed to retrain employees to improve productivity, quality, and efficiency, reduce waste in the manufacturing process, and also improve internal and external customer service. All training will be conducted at the employer’s site. A portion of the funding is being requested to retrain employees of companies located in

areas of high unemployment and considered working poor. The Contractor is requesting a waiver to the ETP minimum wage requirement after retention. The post retention wages for these employees will exceed the wage before and during training by at least five percent.

Mr. Tagami introduced Ms. Ana Maria Ruiz, Deputy Director.

ACTION: Mr. Holstein moved and Mr. Lennox seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 7 – 0.

The Men's Wearhouse

Mr. Chan presented a One-Step Agreement for The Men's Wearhouse, Inc. in the amount of \$516,160 to train 305 retrainees in Computer Skills, and Continuous Improvement Skills. Of this \$256,620 are from SET funds and \$259, 540 are from the regular ETP funds.

The Men's Warehouse proposes to train for the following three groupings: Corporate Headquarters, Distribution Center, and Frontline Workers at retail stores. The Corporate Headquarters and Distribution Center are deemed eligible under Title 22, CCR Section 4416(d)(1) because they represent the Corporate Headquarters of a company that does significant business outside of California and facilities which provide support services to the company's stores located outside of California. Training for frontline workers in retail stores will be funded from SET funding for workers whose wages meet 100 percent of the state average hourly wage as mandated by Section 10214.5(a)(b) of the California Unemployment Insurance Code.

The company has determined that in order to meet competition in the retail industry, it must move toward a high performance work place where all employees work in a team environment. The frontline employees, who identify a problem in the process, must be able to work with headquarters staff to discuss problems and implement solutions. Corporate staff must have a full understanding of the role of frontline workers who deal directly with the customer.

In an effort to meet customer preferences, the Men's Warehouse will implement a new software system known as "Point of Sales (POS)." This system will integrate information throughout the company from Corporate Headquarters to Retail Stores to Distribution Centers. The information obtained will provide the demographics of the store's location, clientele's buying trends, and stores' inventory. Employees will be able to enter and access information that pertains to the company's merchandise and customers preference, allowing for a product and service tailored to the needs of the customers in that geographic area. The POS will also incorporate E-mail as a form of interdepartmental communication as well as Internet capabilities.

The Men's Warehouse is requesting ETP funds to assist the company in providing classroom and SOST training in Computer Skills and Continuous Improvement Skills to its frontline retail store employees and corporate headquarters staff. In keeping with the move to a High Performance Workplace, the company will provide Continuous Improvement Skills training to the remaining employees not included in this proposal at the company's own cost.

The Men's Warehouse has provided data to support that store "managers" meet the definition of Frontline Workers as defined under Title 22 California Code of Regulations, Section 4400(ee)(3) "an individual who is exempt from overtime under state or federal law and not covered by a collective bargaining agreement if his or her primary job responsibility is directly producing or delivering goods or services." The company has supplied information to show that store managers spend 80-85 percent of their work hours providing direct customer services.

In order to meet the \$11.99 per hour contractual minimum wage, the Company using a \$6.25 per hour base wage plus \$1.14 in health benefits, and at least \$4.60 per hour from commissions.

Mr. Chan introduced Ms. Julie Panaccione, Vice President of Travel and Events and Mr. Tom Kristy, President and CEO of VeriLogix. Ms. Kwalwasser questioned two parallel tracks of the proposal. She stated, in terms of the frontline workers, out of the 600 stores, there are only 80 in California. She asked if the Company trains only one-eighth of the frontline workers in Inventory Management or Computers, what happens to the other 520 stores that are not a part of this system in terms of developing an overall strategy for the Company? Ms. Panaccione answered that the Company is very committed to training at every level, and the Company will continue to train outside of California. Ms. Panaccione stated all training within and without California will be on a parallel track.

Mr. DeMauro asked if training is going on nationwide, and if inventory control is interdependent between California, Arizona, and Nevada, could the company not train in California on its own? He asked whether the company would have to provide the inventory control part of the training without ETP funding. Ms. Panaccione answered that the merchandising in the company, which is inventory control, would be done by merchandisers that are employed in California. Mr. Brown asked if all their stores are corporate or are some of the California stores franchise stores? Ms. Panaccione answered that they are all corporate.

Mr. Brown was concerned with the basis of the commissions paid. Ms. Panaccione explained that the hourly rate for all front line workers, including commission, is \$22.17 per hour. She stated an employee who earns \$6.25 per hour and a \$4 per hour commission is on the low side. She stated one who earns \$4 per hour in commission would be an under-performer based on current standards.

Mr. DeMauro questioned whether Men's Warehouse would have to do the inventory training anyway if ETP didn't fund that aspect? Ms. Panaccione answered yes but inventory training is only one small portion of the training. The Company has recently installed a significant Point of Sale computer system.

Mr. Rankin questioned the frontline worker definition. He noted that the proposal stated that the store managers spend 80-85 percent of their work hours providing direct customer services. It seems that they are then covered by overtime requirements in the State of California because they are primarily engaged in work that is not managerial. Ms. Panaccione stated that she does not work in human resources. However she does know that in a commission environment and in retail, if workers earn in excess of 50 percent of their income in commissions then they are exempt from overtime.

Ms. Kwalwasser suggested that since the funding for this proposal comes from two separate categories, an economic development portion and a SET category, the Panel considered the portions separately. Ms. Kwalwasser stated her concern with the retail portion of this proposal, also stating that SET does not include out-of-state competition. Mr. Hodess stated the possibility of retail sales not being covered by SET because out-of-state competition could exist since articles can be purchased through the Internet from other states. He stated this is an issue that is going to come up with other types of employment.

Mr. Holstein asked that the since the Company would be training nationwide and ETP funding is for the California employees, is that not consistent with our guidelines? Mr. DeMauro stated it appears that ETP funded training might be displacing training that The Men's Warehouse would otherwise provide. Ms. Panaccione stated that they have a very large training budget nationwide and they plan to continue to use it nationwide. She stated that is one of the reasons their turnover rate is so low. They would like to have their California employees have more skills. It is very difficult to hire and maintain employees in California. She stated the Company has also had a struggle on the sales end in California. Maintaining good employees is vitally important to the Company in this state, since California provides a big portion of their business. Ms. Panaccione stated that the training proposed is supplemental training providing employees in California additional training.

Mr. Chan stated that the non-SET portion, \$259, 540, from the regular funds will go to training the corporate headquarters staff and distribution staff in high performance skills, empowering and working in teams and to operate the Point of Sales system. Ms. Kwalwasser recommended bifurcating this project and reviewing it from the standpoint of approving the economic development funding portion but for staff to continue to work with the Company on the frontline worker (SET) issue.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the Economic Development funding of the Corporate Headquarters and

Distribution Center portion of this One-Step Agreement placing the SET portion in abeyance.

Motion carried, 7 – 0.

Oakwood Worldwide

Mr. Tagami presented a One-Step Agreement for Oakwood Worldwide at a program cost of \$787,712. Oakwood Worldwide is a real estate property management company. The company has more than 8,000 apartment rental units internationally. This project would be funded by regular ETP out-of-state competition funds for Oakwood staff that provide internal corporate support services for the company's out-of-state locations. A portion of the funding for this project is under Section 4409(a) Special Employment Training for frontline workers for the company's locations that do not meet the out-of-state competition requirements. Regular out-of-state competition funds or economic development funds total \$536,696 and the SET frontline worker funds total \$251,016. The company is requesting ETP funds to retrain 565 employees of which 379 employees meet the out-of-state competition requirement and 186 meet the SET frontline worker requirements. Training will be in Continuous Improvement, Management, Computer and Business Skills.

The company is also requesting a waiver to the ETP 20 percent turnover rate. The company's turnover rate for the last calendar year was 26.7 percent. Company representatives state that for real estate management companies, the turnover rate ranges from 25-60 percent. The Agreement includes language that the company will earn the final 25 percent cost per trainee only if the company reduces its overall turnover rate to 25 percent or less for the last 12 months.

Mr. Tagami introduced Ms. Cynthia Mercer, Vice President of Training. Ms. Mercer stated that their company has recently suffered from the softening economy which has made it difficult for them to fully supply the training and development necessary to remain competitive in the State of California, which is where they are headquartered. She stated the Company has had a long commitment to training and development of their employees. Ms. Mercer stated that the vast majority of their organization is based in California. A good majority of the training that is proposed is dedicated to their home office staff. They are migrating to a new Oracle system, which is a centralized function and a lot of the training they have proposed is for that employee base. They feel that remaining competitive in the State of California where they are headquartered and keeping their home office personnel on the cutting edge is critical to their survival in this soft economy.

Ms. Mercer answered that at this point they aren't going to be able to provide that additional training to their employees in the other states. They are, however, looking at other states for similar types of ETP grants so that they can afford similar supplemental training in other states.

Mr. Rankin asked for a funding breakdown between the SET category and the regular funding. Mr. Tagami replied that \$536,696 is regular funding and \$251,016 is SET funding. Mr. Rankin moved that they approve funding for the regular category and hold the SET funding in abeyance for future discussion.

Ms. Mercer commented that they are asking for this funding in order to migrate to the Oracle systems that dramatically impact their California state employees, specifically at the headquarters. They are looking at the combination of these funding categories in order for the training to be successful.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the Economic Development funding of the Corporate Headquarters and Distribution Center portion of this One-Step Agreement holding the SET category in abeyance.

Motion carried, 7 – 0.

Ms. Kwalwasser stated the Panel will schedule further discussion on the frontline worker issue.

Ms. Mercer asked if the waiver to the turnover rate was approved. Ms. Kwalwasser stated that the proposed project, which included the waiver request, was approved except for the SET portion, which is in abeyance.

Ms. Kwalwasser requested that Oakwood and Men's Wearhouse be the first items on next month's agenda.

X. CAREER LADDERS

Due to time constraints, the discussion on Career Ladders was postponed until next month's Panel meeting. Mr. DeMauro stated that staff would post the proposed Career Ladders regulation on the Internet with a request for comments.

XI. IMPLEMENTATION PLAN

The Implementation Plan presentation was postponed to next month's Panel meeting.

XII. ADJOURN

There being no further business and no objection, the meeting was adjourned at 3:00 p.m.